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BOX 304

DATED AS OF MAY 18, 1990

MANUFACTURERS HANOVER TRUST COMPANY,
as Agent, Mortgagee

to

LONG JOHN SILVER'S, INC. and JERRICO, INC., Mortgageors

from

MORTGAGE, ASSIGNMENT OF RENTS
AND LEASES AND SECURITY AGREEMENT

COOK COUNTY RECORDER

#4357 # *-90-240830

149999 TRAN 5998 05/23/90 14:54:00

DEPT-01 RECORDING

ATTN: Susan D. McPhillips, Esq.

New York, New York 10017

425 Lexington Avenue

(a partnership which includes

professional corporations)

Simpson Thacher & Bartlett

when recorded return to:

recording is requested by, and

This instrument was prepared by, and

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either LSI or Jerrico is the owner in fee of each of the parcel(s) of real property described on Schedule A attached to this Mortgage (the "Fee Parcel").

Either LSI or Jerrico is also the owner of a leasehold estate in each of the parcel(s) of real property described on Schedule B attached to this Mortgage (the "Leasehold Parcel") pursuant to those respective leases described on such Schedule B (the "Underlying Leases"). In certain instances either Jerrico or LSI is the owner in fee of a Fee Parcel, or the owner of a leasehold estate in a Leasehold Parcel, by virtue of a merger with a corporation or partnership (each a "Predecessor Owner" and together the "Predecessor Owners") which, immediately before merging with and into Jerrico or LSI, owned in fee a Fee Parcel or owned a leasehold estate in a Leasehold Parcel. Each Predecessor Owner is identified on Schedule C attached to this Mortgage. References in this Mortgage to the "Improvements" shall mean all of the buildings, improvements, structures and fixtures now or subsequently located on the Fee Parcel, and all of the buildings, improvements, structures and fixtures now or subsequently located on the Leasehold Parcel and owned or leased by

Background

THIS MORTGAGE, ASSIGNMENT OF RENTS AND LEASES AND SECURITY AGREEMENT, dated as of May 18, 1990 is made by LONG JOHN SILVER'S, INC., a Delaware corporation ("LSI"), whose address is 101 Jerrico Drive, Lexington, Kentucky 40509 and JERRICO, INC., a Kentucky corporation ("Jerrico") whose address is 101 Jerrico Drive, Lexington, Kentucky 40509, Attention: General Counsel (LSI and Jerrico being hereinafter collectively referred to as "Mortgagor") to MANUFACTURERS HANOVER TRUST COMPANY, a New York banking corporation, in its capacity as agent for itself and the other financial institutions party to the Credit Agreement described below ("Mortgage"), whose address is 270 Park Avenue, New York, New York 10017, Attention: Hans B. Von Nolde. References to this "Mortgage" shall mean this instrument and any and all renewals, modifications, amendments, supplements, extensions, consolidations, substitutions, spreaders and replacements of this instrument.

MORTGAGE, ASSIGNMENT OF RENTS AND LEASES AND SECURITY AGREEMENT

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For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor agrees that to secure:

Granting Clauses

References in this Mortgage to the "Note" shall mean the collective reference to the guarantee and the Notes (as defined in the Credit Agreement) and any other evidence of indebtedness secured by this Mortgage, as any of the same shall be amended, supplemented, modified, extended, restated or replaced from time to time.

LJSI is a subsidiary of Jerrico. LJSI and other subsidiaries of Jerrico have executed and delivered to Mortgagee that certain guarantee dated as of even date herewith (as the same may be amended, supplemented, modified, extended, restated or replaced from time to time, the "guarantee"), whereunder, among other things, LJSI and such other subsidiaries have unconditionally guaranteed the prompt and complete payment when due of the loans and of other obligations of Jerrico incurred in connection with the Credit Agreement to the extent set forth in the guarantee.

The loans are evidenced by the Notes (as defined in the Credit Agreement), each of which is made by Jerrico payable to the order of a bank. The loans and the other extensions of credit provided for in the Credit Agreement bear interest at the rates set forth in the Credit Agreement. References in the Mortgage to the "Default Rate" shall mean, at any time, the rate of interest applicable to overdue principal amounts of the loans as provided in the Credit Agreement.

The loans are evidenced by the Notes (as defined in the Credit Agreement), each of which is made by Jerrico payable to the order of a bank. The loans and the other extensions of credit provided for in the Credit Agreement bear interest at the rates set forth in the Credit Agreement.

Jerrico, a successor by merger to Pisco, Inc., is a party to the Credit Agreement dated as of even date herewith (as the same may be amended, supplemented, modified, extended, restated or replaced from time to time, the "Credit Agreement") with Long John Silver's Holdings, Inc., Mortgagee and the financial institutions described and defined in the Credit Agreement as the "Banks". In the event of any conflict between the provisions of this Mortgage and the provisions of the Credit Agreement, the applicable provisions of the Credit Agreement shall govern and control.

References in this Mortgage to the "Real Estate" shall mean the collective reference to the fee parcels, the leasehold parcels and the improvements.

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(B) the leasehold estate created under and by virtue of each Underlying Lease, any interest in any fee or lesser title to the Leasehold Parcels and the improvements thereon that Mortgagor may own or hereafter acquire, and all credits, deposits, options, privileges and rights of Mortgagor under the underlying Leases (including all rights of use, occupancy and enjoyment) and any amendments, supplements, extensions, renewals, restatements, replacements and modifications thereof (including

(A) the Fee Parcels and the Improvements thereon;

MORTGAGOR BARGAINS, SELLS, MORTGAGES, WARRANTS, CONVEYS, GRANTS, ASSIGNS, TRANSFERS AND SETS OVER AND BY THESE PRESENTS DOES HEREBY BARGAIN, SELL, MORTGAGE, WARRANT, CONVEY, GRANT, ASSIGN, TRANSFER AND SET OVER UNTO MORTGAGEE AND HEREBY GRANTS TO MORTGAGEE A CONTINUING SECURITY INTEREST IN AND TO ALL OF THE FOLLOWING:

(b) the performance of all covenants, agreements, obligations and liabilities, except pay indebtedness and other amounts payable on account of the Working Capital Extensions of Credit and the Swing Line Loans, of Mortgagor (subject to such exception, the "obligations") under or pursuant to the provisions of the Credit Agreement, the Note, this Mortgage, any other document securing payment of the indebtedness (the "Security Documents") and any amendments, supplements, extensions, renewals, restatements, replacements or modifications of any of the foregoing (the Credit Agreement, the Note, the Security Documents and all other documents and instruments from time to time evidencing, securing or guaranteeing the payment of the indebtedness or the performance of the obligations as any of the same may be amended, supplemented, extended, renewed, restated, replaced or modified from time to time, are collectively referred to as the "Loan Documents");

(a) (i) the repayment of the indebtedness evidenced by the Note, (ii) all interest, fees and other amounts payable thereunder and (iii) all other amounts payable to Mortgagor and/or the other Banks under the Credit Agreement, excluding from each of the items set forth in clauses (i), (ii) and (iii) above, all indebtedness and other amounts payable on account of the Working Capital Extensions of Credit and the Swing Line Loans (as defined in the Credit Agreement) (the items set forth in clauses (i), (ii) and (iii) above, subject to such exclusion, being referred to collectively as the "Indebtedness"); and

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(E) all of the fixtures, chattels, business machines, machinery, apparatus, equipment, furnishings, fittings and articles of personal property of every kind and nature whatsoever, and all appurtenances and additions thereto and substitutions or replacements thereof (together with, in each case, attachments, components, parts and accessories) currently owned or subsequently acquired by Mortgagee and now or subsequently attached to, or contained in or used or usable in any way in connection with any operation or letting of the Real Estate, including but without limiting the generality of the foregoing, all screens, awnings, shades, blinds, curtains, draperies, artwork, carpets, rugs, storm doors and windows, furniture and furnishings, heating, electrical, and mechanical equipment, lighting, switchboards, plumbing, ventilating, air conditioning and air-cooling apparatus, refrigerating and incinerating equipment, escalators, elevators, loading and unloading equipment and systems, stoves, ranges, laundry equipment, cleaning systems (including window cleaning apparatus), communication systems (including satellite dishes and antennae), sprinkler systems and

(D) all right, title and interest of Mortgagee in, to and under all easements, rights of way, gores of land, streets, ways, alleys, passages, sewer rights, waters, water courses, water and riparian rights, development rights, air rights, mineral rights and all estates, rights, titles, interests, privileges, licenses, tenements, hereditaments and appurtenances belonging, relating or appertaining to the Real Estate, and any reversions, remainders, rents, issues, profits and revenue thereof and all land lying in the bed of any street, road or avenue, in front of or adjoining the Real Estate to the center line thereof;

(C) all the estate, right, title, claim or demand whatsoever of Mortgagee, in possession or expectancy, in and to the Real Estate or any part thereof;

without limitation, the right, if any, to renew or extend each Underlying Lease for succeeding term or terms and the right, if any, to purchase each Leasehold Parcel; provided, however, that no interest is granted in any Underlying Lease or in any right, title or interest appurtenant thereto if such grant would violate the terms of such Underlying Lease or by the express terms of such Underlying Lease subject the lessee thereunder to any penalty or payment to the lessor thereunder as a result thereof, including without limitation the termination or surrender of such Underlying Lease;

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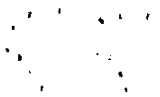
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1. Warranty of Title: Underlying Lease Representations. (a) Mortgagee warrants the title to the Premises (other than the Leasehold Parcels and the Improvements thereon) and represents and warrants that the Premises (other than the Leasehold Parcels and the Improvements thereon) are subject to no liens, encumbrances, defects or other matters other than those that are set forth (and not marked as omitted or deleted) in the schedule of exceptions contained in the final commitments for or reports of title insurance delivered to Mortgagee with respect to the Fee Parcels (the "Permitted Exceptions").

Mortgagee further represents, warrants, covenants and agrees with Mortgagee as follows:

Terms and Conditions

TO HAVE AND TO HOLD the Mortgaged Property and the rights and privileges hereby mortgaged, together with the right to retain possession of the Mortgaged Property, unto after a default or Event of Default hereunder, unto Mortgagee, its successors and assigns for the uses and purposes set forth, until the Indebtedness is fully paid and the obligations fully performed.

All of the Mortgaged Property hereinabove described, real, personal and mixed, whether affixed or annexed to the Real Estate or not and all rights hereby conveyed and mortgaged are intended so to be as a unit and are hereby understood, agreed and declared, to the maximum extent permitted by law, to form a part and parcel of the Real Estate and to be appropriated to the use of the Real Estate, and shall be for the purposes of this Mortgage deemed to be real estate and conveyed and mortgaged hereby; provided, however, as to any of the property aforesaid which does not constitute a "fixture" (as defined in the Uniform Commercial Code of Illinois (the "Code")), this Mortgage is hereby deemed to also be a security interest under the Code for purposes of granting a security interest in such property, which Mortgagee hereby grants to Mortgagee, as Secured Party (as defined in the Code), as more particularly provided below in this Mortgage.

PROVIDED, HOWEVER, that the maximum principal indebtedness secured by this Mortgage is \$500,000 and, provided, further, that payments made on account of the indebtedness or any portion thereof, whether in due course, as prepayments or otherwise, shall not reduce such maximum principal indebtedness which this Mortgage secures.

(A) through (L) are collectively referred to as the "Mortgaged Property".

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3. Requirements. (a) Mortgagor shall promptly comply with, or cause to be complied with, and conform to (i) all present and future laws, statutes, codes, ordinances, orders, judgments, decrees, rules, regulations and requirements, and Irrespective of the nature of the work to be done, of each of the United States of America, any State and any municipality, local government or other political subdivision thereof and any agency, department, bureau, board, commission or other instrumentality of any of them, now existing or subsequently created (collectively, "Governmental Authority") which has jurisdiction over the Mortgaged Property and (ii) all covenants, restrictions and conditions now or later of record which may be applicable to any of the Mortgaged Property, or to the use, manner of use, occupancy, obligations.

2. Payment of Indebtedness. Mortgagor shall pay the Indebtedness at the times and places and in the manner specified in the Note and shall perform all the manner

(b) Mortgagor represents and warrants (i) that title to the Leasehold estate in each Leasehold Parcel pursuant to the Underlying Leases and has a right to mortgage the same, (ii) that, to the knowledge of Mortgagor, each Leasehold Parcel is subject to no leases or liens other than the Underlying Leases and this Mortgage nor to any encumbrances, defects or other matters that would materially impair the use of the Premises, or any portion thereof, as a restaurant, (iii) that Mortgagor shall warrant and defend the lien thereon granted or intended to be granted by this Mortgage against all persons and entities, (iv) that each Underlying Lease is in full force and effect and either LSI or Jerrico is the holder of the leases or tenant's interest thereunder, (v) that none of the Underlying Leases have been amended, supplemented or otherwise modified, except as may be specifically described in Schedule B attached to this Mortgage, (vi) that except as may be specified in the Credit Agreement, Mortgagor has no knowledge of any material default under any Underlying Lease, has received no notice of default from any lessor thereunder and knows of no material default by any lessor thereunder, and (vii) that the granting of this Mortgage does not violate the terms of any Underlying Lease nor is any consent of any lessor under any Underlying Lease required to be obtained in connection with the granting of this Mortgage. By acceptance of this Mortgage Mortgagor acknowledges that the lien of this Mortgage upon any Leasehold Parcel may be subject to one or more mortgages, deeds of trust, liens or encumbrances (collectively, "Underlying Fee Encumbrances") upon the fee estate in any Leasehold Parcel and no representation or warranty is being made by Mortgagor as to the absence of Underlying Fee Encumbrances.

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possession, operation, maintenance, alteration, repair or reconstruction of any of the Mortgaged Property except to the extent that, in the case of either clause (i) or (ii) above or both, failure to comply therewith could not have a material adverse effect on the continued operation of a restaurant at any site which forms part of the Mortgaged Property (a "Material Effect"). All present and future laws, statutes, codes, ordinances, orders, judgments, decrees, rules, regulations and requirements of every governmental Authority applicable to Mortgagor or to any of the Mortgaged Property and all covenants, restrictions, and conditions which now or later may be applicable to any of the Mortgaged Property are collectively referred to as the "Legal Requirements".

(b) From and after the date of this Mortgage, Mortgagor shall not by act or omission permit any building or other improvement on any premises not subject to the lien of this Mortgage to rely on the premises or any part thereof or any interest therein to fulfill any legal Requirement, and Mortgagor hereby assigns to Mortgagee any and all rights to give consent for all or any portion of the premises or any interest therein to be so used. Mortgagor shall not by act or omission fail to maintain any fee parcel which is a single zoning lot separate and apart from all other premises as such single zoning lot separate and apart from all other premises. Mortgagor represents that where required by law each fee parcel constitutes a legally subdivided lot, in compliance with all subdivision laws and similar legal Requirements. Any act or omission by Mortgagor which would result in a violation of any of the provisions of this subsection shall be void.

4. Payment of Taxes and Other Impositions. (a) Promptly when due, Mortgagor shall pay and discharge all taxes of every kind and nature (including, without limitation, all real and personal property, income, franchise, withholding, transfer, gains, profits and gross receipts taxes), all charges for any easement or agreement maintained for the benefit of any of the Mortgaged Property, all rent and other amounts payable by Mortgagor under each underlying lease, all general and special assessments, levies, permits, inspection and license fees, all water and sewer rents and charges and all other public charges even if unforeseen or extraordinary, imposed upon or assessed against or which may become a lien on any of the Mortgaged Property, or arising in respect of the occupancy, use or possession thereof (other than any taxes and other amounts not payable by Mortgagor under any underlying lease), together with any penalties or interest on any of the foregoing (all of the foregoing are collectively referred to as the "Impositions"). Upon reasonable request by Mortgagee, Mortgagor shall deliver to Mortgagee (i) copies of receipts bills and cancelled checks evidencing payment of such Imposition if it is a

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(d) For purposes of this subsection (d), the term "Improvement" shall include any utility charge incurred for gas, electricity, water or sewer services furnished to the premises and all other assessments or charges of a similar nature, whether public or private, affecting the premises or any portion thereof, whether or not such assessments or charges are liens thereon, and, in the case of any leasehold parcel or the improvements thereon, shall have the right to contest or object in good faith to the amount or validity of any imposition by appropriate legal proceedings, but such right shall not be deemed or construed in any way as relieving, modifying, or extending Mortgagor's covenant to pay any such imposition at the time and in the manner provided in this Section unless (i) Mortgagor has given prior written notice to Mortgagee of Mortgagor's intent so to contest or object to an imposition, (ii) Mortgagor shall demonstrate to Mortgagee's reasonable satisfaction that the legal proceedings shall operate conclusively to prevent the sale of the Mortgaged Property, or any part thereof, to satisfy such imposition prior to final determination of such proceedings and (iii) to the extent not already provided to the taxing authority, Mortgagor shall furnish a good and sufficient bond or

(c) Mortgagor shall not claim, demand or be entitled to receive any credit or credits toward the satisfaction of this Mortgage or on any interest payable thereon for any taxes assessed against the Mortgaged Property or any part thereof, and shall not claim any deduction from the taxable value of the Mortgaged Property by reason of this Mortgage.

(b) Except as set forth in subsection (d) below, nothing herein shall affect any right or remedy of Mortgagor under this Mortgage or otherwise, with prior notice to Mortgagor, to pay any imposition after the date such imposition shall have become due, and to add to the indebtedness the amount so paid, together with interest from the time of payment at the Default Rate. Any sums paid by Mortgagor in discharge of any impositions shall be (i) a lien on the premises secured hereby prior to any right or title to, interest in, or claim upon the premises subordinate to the lien of this Mortgage, and (ii) payable on demand by Mortgagor to Mortgagee together with interest at the Default Rate as set forth above.

real estate tax or other public charge and (ii) evidence reasonably acceptable to Mortgagee showing the payment of any other such imposition. If by law any imposition, at Mortgagor's option, may be paid in installments (whether or not interest shall accrue on the unpaid balance of such imposition), Mortgagor may elect to pay such imposition in such installments and shall be responsible for the payment of such installments with interest, if any.

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surety as requested by and reasonably satisfactory to Mortgagee or a letter of credit, cash deposit or other means of financial assurance acceptable to Mortgagee in the amount of the Impositions which are being contested plus any interest and penalty which may be imposed thereon and which could become a lien against the Real Estate or any part of the Mortgaged Property.

(e) Upon written notice to Mortgagee, Mortgagee after an Event of Default (as defined below) shall be entitled to require Mortgagee to pay monthly in advance to Mortgagee the equivalent of 1/12th of the estimated annual Impositions. Mortgagee shall deposit such funds in an interest-bearing account upon terms and conditions reasonably acceptable to Mortgagee, and provided that no Event of Default shall be continuing uncured on the date of scheduled payment Mortgagee shall be paid all interest earned thereon on a quarterly basis.

5. Insurance. (a) Except as otherwise provided herein or in the Credit Agreement, Mortgagee shall maintain or cause to be maintained on all of the Premises:

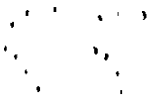
(1) property insurance against loss or damage by fire, lightning, windstorm, tornado, water damage, flood, earthquake and by such other further risks and hazards as now are or (subsequently may be covered by an "all risk" policy or a fire policy covering "special" causes of loss. The policy shall include building ordinance law endorsements and the policy limits shall be automatically reinstated after each loss;

(ii) comprehensive general liability insurance under a policy including the "Broad Form CGL endorsement" (or which incorporates the language of injury, bodily injury or death, or property damage occurring on, in or about the premises in an amount including excess amounts) not less than \$10,000,000 combined single limit with respect to injury and property damage relating to any one occurrence plus such excess limits as Mortgagee shall reasonably request from time to time;

(iii) insurance against rent loss, extra expense or business interruption (and/or soft costs, in the case of new construction), if applicable, in amounts satisfactory to Mortgagee, but not less than (x) 120 days' gross income with respect to each of the sites forming a part of the premises which are operated as restaurants, and (y) \$1,500,000 with respect to Mortgagee's headquarters facilities in Lexington, Kentucky;

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(viii) If any portion of the premises is located in an area identified as a special flood hazard area by the Federal Emergency Management Agency or other applicable agency, flood insurance in an amount satisfactory to Mortgagee, but in no event less than

(vii) boiler and machinery property insurance covering pressure vessels, air tanks, boilers, machinery, pressure piping, heating, air conditioning and elevator equipment and escalator equipment, provided the improvements contain equipment of such nature, and insurance against rent, extra expense and business interruption arising from any such breakdown, in such amounts as are reasonably satisfactory to Mortgagee but not less than the lesser of \$1,000,000 or 1% of the value of the improvements;

(vi) during the course of any construction, alteration or repair of the improvements, "all risks of direct physical loss", including collapse, water damage, flood and earthquake and transit coverage, during construction or repairs of the improvements, in nonreporting form, covering the total value of work performed and equipment, supplies and materials furnished (with an appropriate limit for soft costs in the case of construction);

(v) during the course of any construction or repair of the improvements, workers' compensation insurance (including employer's liability insurance) for all employees of Mortgagee engaged on or with respect to the premises in such amounts as are reasonably satisfactory to Mortgagee, but in no event less than the limits established by law;

(iv) during the course of any construction or repair of improvements, comprehensive general liability insurance under a policy including the "broad form CGL endorsement" (or which incorporates the language of such endorsement), including coverage for elevators and escalators, if any. The policy shall include coverage for independent contractors and completed operations. The completed operations coverage shall stay in effect for two years after construction of any improvements has been completed. The policy shall provide coverage on an occurrence basis against claims for personal injury, including, without limitation, bodily injury, death or property damage occurring on, in or about the premises and the adjoining streets, sidewalks and passageways, such insurance to afford immediate minimum protection to a limit of not less than that required by Mortgagee with respect to personal injury, bodily injury or death to any one or more persons or damage to property;

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Each insurance policy (other than flood insurance written under the National Flood Insurance Act of 1968, as amended, in which case to the extent available) shall (i) provide that it shall not be cancelled, non-renewed or materially amended without 30 days' prior written notice to Mortgagee, and (ii) with respect to all property insurance, provide for deductibles acceptable to Mortgagee in its reasonable judgment, contain a "Replacement Cost Endorsement" without any deduction made for depreciation and with no co-insurance penalty (or attaching an agreed amount endorsement reasonably satisfactory to Mortgagee), with loss payable solely to Mortgagee (modified, if necessary, to provide that proceeds in the amount of replacement cost may be retained by Mortgagee without the obligation to rebuild) as its interest may appear, without contribution, under a "standard" mortgage clause reasonably acceptable to Mortgagee and be written by insurance companies having an A.M. Best Company, Inc. rating of A or higher and a financial size category of not less than X, or otherwise as approved by Mortgagee. Liability insurance policies shall name Mortgagee as an additional insured and shall state that any waiver of subrogation against Mortgagee shall be honored; all such policies shall indemnify and hold Mortgagee harmless from all liability claims occurring on, in or about the premises and the adjoining streets, sidewalks and passageways. Each policy shall expressly provide that any proceeds which are payable to Mortgagee shall be paid by check payable to the order of Mortgagee only and requiring the endorsement of Mortgagee only. If any required insurance shall expire, be withdrawn, become void by breach of any condition thereof by Mortgagee or by any lessee of any part of the mortgaged property or become void or unsafe by reason of the failure or impairment of the capital of any insurer, Mortgagee shall immediately obtain new or additional insurance satisfactory to Mortgagee. Mortgagee shall not take out any separate or additional insurance which is contributing in the event of loss unless it is properly endorsed and otherwise satisfactory to Mortgagee in all respects.

(b) Mortgagee shall deliver to Mortgagee a certificate of each policy of insurance required to be maintained, reasonably acceptable to Mortgagee, together with a copy of the declaration page for each such policy. Mortgagee shall (i) pay as they become due all premiums for such insurance, (ii) not later than 10 days prior to the expiration of each policy to be furnished pursuant to the provisions of this Section, deliver a certificate or certificates evidencing a renewed policy or policies, with

(ix) such other insurance in such amounts as Mortgagee may reasonably request from time to time.

the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended; and

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(f) If the Mortgaged Property, or any part thereof, shall be destroyed or damaged by fire or any other casualty, whether insured or uninsured, and the amount of such loss or damages exceeds \$50,000 or in the event any claim is in excess of \$250,000 is made against Mortgagor for any personal injury, bodily injury or property damage incurred on or about the Premises, Mortgagor shall give immediate notice thereof to Mortgagee. If the Mortgaged Property is damaged by fire or other casualty and the cost to repair such damage is less than the lesser of (1) 10% of the replacement cost of the Improvements at the affected

(e) Mortgagor promptly shall comply with and conform to (1) all provisions of each such insurance policy, and (2) all requirements of each such policy applicable to Mortgagor or to any of the Mortgaged Property or to the use, manner of use, occupancy, possession, operation, maintenance, alteration or repair of any of the Mortgaged Property. Mortgagor shall not use or permit the use of the Mortgaged Property in any manner which would permit any insurer to cancel any insurance policy or void coverage required to be maintained by this Mortgage.

(d) Mortgagor shall increase the amount of property insurance required to equal 100% replacement cost pursuant to the provisions of this Section at the time of each renewal of each policy occurring after the date 18 months from the date of this Mortgage and each successive 12 month period to occur thereafter by using the F.W. Dodge Building Index to determine whether there shall have been an increase in the replacement value since the most recent adjustment and, if there shall have been such an increase, the amount of insurance required shall be adjusted accordingly.

(c) If Mortgagor is in default of its obligations to insure or deliver evidence of any such prepaid policy or policies, then Mortgagee, at its option but with prior notice to Mortgagor, may effect such insurance from year to year, and pay the premium or premiums therefor, and Mortgagor shall pay to Mortgagee on demand such premium or premiums so paid by Mortgagee with interest from the time of payment at the Default Rate and the same shall be deemed to be secured by this Mortgage and shall be collectible in the same manner as the indebtedness secured by this Mortgage.

standard non-contributory mortgage clauses in favor of and acceptable to Mortgagee. Upon request of Mortgagee, but not more frequently than once a year unless an Event of Default shall have occurred which shall be continuing, Mortgagee shall cause its insurance underwriter or broker to certify to Mortgagee in writing that all the requirements of this Mortgage governing insurance have been satisfied.

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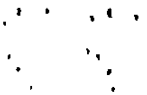
(g) In the event of foreclosure of this Mortgage or other transfer of title to the Mortgaged Property in extinguishment of the indebtedness, all right, title and interest of Mortgagor in and to any insurance policies then

Real Estate site and (ii) \$100,000, then provided that no Event of Default shall have occurred and be continuing, Mortgagor shall have the right to adjust such loss, and the insurance proceeds relating to such loss shall be paid over to Mortgagor; provided that Mortgagor shall, promptly after any such damage, repair all such damage regardless of whether any insurance proceeds have been received or whether such proceeds, if received, are sufficient to pay for the costs of repair. If the Mortgaged Property is damaged by fire or other casualty, and the cost to repair such damage exceeds the above limit, (i) provided that no Event of Default shall have occurred and be continuing, Mortgagor shall have the right to adjust such loss, and the insurance proceeds relating to such loss shall be paid over to Mortgagor, and (ii) if an Event of Default shall have occurred and be continuing, Mortgagor authorizes and empowers Mortgagor, at Mortgagor's option and in Mortgagor's sole discretion, as attorney-in-fact for Mortgagor, to make proof of loss, to adjust and compromise any claim under any insurance policy, to appear in and prosecute any action arising from any policy, to collect and receive insurance proceeds and to deduct therefrom Mortgagor's reasonable expenses incurred in the collection process. Each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Mortgagor. Mortgagor shall have the right to require Mortgagor to repair or restore the Mortgaged Property, and Mortgagor hereby designates Mortgagor as its attorney-in-fact for the purpose of making any election required or permitted under any insurance policy relating to repair or restoration in the event the cost of repair or restoration exceeds the above limit. The insurance proceeds or any part thereof received by Mortgagor may be applied by Mortgagor toward reimbursement of all reasonable costs and expenses of Mortgagor in collecting such proceeds, and the balance, at Mortgagor's option in its sole and absolute discretion, to the principal (to the installments in inverse order of maturity, if payable in installments) and interest due or to become due under the Note, to fulfill any other obligation of Mortgagor, to the restoration or repair of the property damaged, or released to Mortgagor. In the event Mortgagee elects to release such proceeds to Mortgagor, Mortgagor shall be obligated to use such proceeds to restore or repair the Mortgaged Property. Application by Mortgagee of any insurance proceeds toward the last maturing installments of principal and interest due or to become due under the Note shall not excuse Mortgagor from making any regularly scheduled payments due thereunder, nor shall such application extend or reduce the amount of such payments.

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6. Restrictions on Liens, Encumbrances, Sales and Transfers. In determining whether or not to enter into the transaction evidenced by the Note, Mortgagee examined the creditworthiness of each person or entity owning a direct or indirect interest in Mortgageor (each such person or entity, a "Beneficial Owner"), found such credit-worthiness acceptable and relied and continues to rely upon the same as a means of repayment of the indebtedness. Mortgagee has also evaluated the background and experience of each Beneficial Owner in owning and operating property such as the Mortgaged Property, found such matters

(1) Mortgageor may maintain insurance required under this Mortgage by means of one or more blanket insurance policies maintained by Mortgageor; provided, however, that (A) any such policy shall specify, or Mortgageor shall furnish to Mortgagee a written statement from the insurer specifying, the maximum amount of the total insurance afforded by such blanket policy that is allocated to the Premises and the other Mortgaged Property and any sublimits in such blanket policy applicable to the Premises and the other Mortgaged Property, (B) each such blanket policy shall provide that, in the event of a loss resulting from an insured peril, insurance proceeds shall be allocated to the Mortgaged Property in an amount equal to the coverages required to be maintained by Mortgageor as provided above and (C) the protection afforded under any such blanket policy shall be no less than that which would have been afforded under a separate policy or policies relating only to the Mortgaged Property. The provisions of this section specifying the disposition of insurance proceeds and the procedures for restoration are hereby made expressly subject to the terms and conditions of each underlying lease as in effect on the date hereof, and to the extent any such provision hereof is inconsistent or in conflict with any applicable underlying lease as presently written, the applicable provision of such underlying lease shall govern and control.

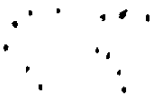
(h) Upon written notice to Mortgageor, Mortgagee after an Event of Default shall be entitled to require Mortgageor to pay monthly in advance to Mortgagee the equivalent of 1/12th of the estimated annual premiums due on such insurance. Mortgagee shall deposit such funds in an interest-bearing account upon terms and conditions reasonably acceptable to Mortgagee, and provided that no Event of Default shall be continuing uncured on the date of scheduled payment Mortgageor shall be paid all interest earned thereon on a quarterly basis.

In force shall pass to the purchaser or grantee of the Mortgaged Property and Mortgageor hereby appoints Mortgagee its attorney-in-fact, in Mortgageor's name, to assign and transfer all such policies and proceeds to such purchaser or grantee.

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(b) Except as otherwise permitted by the Credit Agreement and this Mortgage, Mortgagee shall not sell, transfer, convey or assign all or any portion of, or any

(a) Except as otherwise permitted by the Credit Agreement and this Mortgage, and except for the lien of this Mortgage and the permitted exceptions, Mortgagee shall not further mortgage, nor otherwise encumber the Mortgaged Property nor create or suffer to exist any lien, charge or encumbrance on the Mortgaged Property, or any part thereof, whether superior or subordinate to the lien of this Mortgage and whether recourse or non-recourse.

acceptable and relied upon and continues to rely upon the same as a means of maintaining the value of the Mortgaged Property which is the security for the obligations. Each Beneficial Owner is experienced in borrowing money in sophisticated commercial loan transactions and in owning and operating property such as the Mortgaged Property, was ably represented by a licensed attorney at law in the negotiation and documentation of the transaction in connection with which this Mortgage was given and bargained at arm's length and without duress of any kind for all of the terms of such transaction, including this provision. Mortgagee, for itself and on behalf of each Beneficial Owner, acknowledges that Mortgagee is entitled to conduct its business activities, including the continuing extension of credit secured by this Mortgage, with parties of its own choosing. Mortgagee, for itself and on behalf of each Beneficial Owner, further acknowledges that any secondary or junior financing placed on the Mortgaged Property (a) may divert funds that would otherwise be available for payment of the Indebtedness, (b) could, if foreclosed, force Mortgagee to incur expenses to protect its security, (c) would detract from its ability to sell the property, (d) would detract from Mortgagee's right to sell the same and (e) would impair Mortgagee's right to accept a deed in lieu of foreclosure or otherwise to take actions to further its economic interest prior to foreclosure, because a foreclosure by Mortgagee would be required to clear title to the Mortgaged Property of any such secondary or junior lien or encumbrance. In accordance with the foregoing and for the purpose of (1) protecting Mortgagee's security both of repayment and of value in the Mortgaged Property, (ii) giving Mortgagee the full benefit of its bargain and contract with Mortgagee, and (iii) keeping the Mortgaged Property free of subordinate financing liens, Mortgagee agrees that it the following provisions of this paragraph should be deemed a restraint on alienation, that such provisions are reasonable restraints.

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interest in, the mortgaged property. Further, except as otherwise permitted by the credit agreement without the prior written consent of Mortgagee in its sole discretion, Long John Silver's Holdings, Inc., a Delaware corporation ("Holdings"), shall not cease to own and control, directly or through a wholly-owned subsidiary, of record and beneficially, 100% of each class of outstanding capital stock (defined in the credit agreement) of Jerrico, and Jerrico shall not cease to own and control, of record and beneficially, 100% of the capital stock of LSI, in each case free and clear of all liens (defined in the credit agreement), except to the extent created by a pledge Agreement (defined in the credit agreement), nor shall Mortgagee issue any capital stock which is not pledged to Mortgagee as agent for the benefit of the banks to secure the obligations.

7. Relationship of Mortgagee and Mortgagee. Mortgagee shall in no event be construed for any purpose to be a partner, joint venturer, agent or associate of Mortgagee or of any beneficiary, tenant, subtenant, operator, concessionaire or licensee of Mortgagee in the conduct of their respective businesses, and without limiting the foregoing, Mortgagee shall not be deemed to be such partner, joint venturer, agent or associate on account of Mortgagee becoming a Mortgagee in possession or exercising any rights pursuant to this Mortgage, any of the other loan documents, or otherwise.

8. Limitation on Fundamental Changes. Mortgagee agrees that except as otherwise permitted by the credit agreement:

- (1) Mortgagee shall not enter into any transaction of merger or consolidation, or liquidate or dissolve itself (or suffer any liquidation or dissolution), or acquire by purchase or otherwise all or substantially all the business or assets of, or any stock or other evidence of beneficial ownership of, any entity; and
- (2) Mortgagee shall not engage in any business other than the ownership and operation of the mortgaged property and the business conducted there as of the date of this Mortgage.

9. Maintenance: No Alteration: Inspection: Utilities. (a) Mortgagee shall maintain or cause to be maintained all the improvements in good condition and repair and shall not commit or suffer any waste of the improvements. Except as otherwise provided herein, in the Credit Agreement or in any underlying Lease, Mortgagee shall repair, restore, replace or rebuild promptly any part of the premises which may be damaged or destroyed by any casualty whatsoever. The improvements shall not be

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Notwithstanding anything contained in this Section to the effect that all such awards as Mortgages may request, and Mortgages agrees to execute any such assignments proceeds, as provided and except as otherwise set forth above, Mortgages to be applied in the same manner as insurance awards and proceeds of condemnation shall be assigned to Mortgages in any defense of any such proceedings. All proceedings, then Mortgages shall, at its expense, diligently prosecute any such proceeding and shall consult with Mortgages, its attorneys and experts and cooperate with them in any defense of any such proceedings. All awards and proceeds of condemnation shall be assigned to Mortgages in the same manner as insurance proceeds, as provided and except as otherwise set forth above, and Mortgages agrees to execute any such assignments of all such awards as Mortgages may request.

10. Condemnation/Emminent Domain. Immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the Mortgaged Property, or any portion thereof, Mortgages will notify Mortgages of the pendency of such proceedings, except to the extent that such condemnation could not have a Material Effect. Mortgages authorizes Mortgages, effective upon the occurrence of an event of Default which remains uncured, at Mortgages's option and in Mortgages's sole discretion, as attorney-in-fact for Mortgages, to commence, appear in and prosecute, in Mortgages's or Mortgages's name, any action or proceeding relating to any condemnation of the Mortgaged Property, or any portion thereof for which notice is required under the preceding sentence, and to settle or compromise any claim in connection with such condemnation. If Mortgages elects not to participate in such condemnation proceeding, then Mortgages shall, at its expense, diligently prosecute any such proceeding and shall consult with Mortgages, its attorneys and experts and cooperate with them in any defense of any such proceedings. All awards and proceeds of condemnation shall be assigned to Mortgages in the same manner as insurance proceeds, as provided and except as otherwise set forth above, and Mortgages agrees to execute any such assignments of all such awards as Mortgages may request.

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(c) Subject to Mortgages's right to contest or object as set forth in subsection (d) of Section 4 hereof, Mortgages shall pay or cause to be paid when due all utility charges which are incurred for gas, electricity, water or sewer services furnished to the Premises and all other assessments or charges of a similar nature, whether public or private, affecting the Premises or any portion thereof, whether or not such assessments or charges are liens thereon.

(b) Mortgages and any persons authorized by Mortgages shall have the right to enter and inspect the Premises and the right to inspect all work done, labor performed and materials furnished in and about the improvements and the right to inspect and make copies of all books, contracts and records of Mortgages relating to the Mortgaged Property. All such rights shall be exercised at reasonable times and upon reasonable notice.

demonstrated or materially altered, if such alteration would diminish the value of the improvements affected or reduce the number of parking spaces at the affected site below the number required by law, nor shall any material additions be built at a cost in excess of \$50,000 per site, (provided that the cost threshold for consent shall be \$70,000 for a new drive-through and \$100,000 for a new side dining room) without the prior written consent of Mortgages, such consent not to be unreasonably withheld.

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(vi) the restoration funds shall bear no interest and may be commingled with Mortgagee's other funds;

(v) with respect to each advance of restoration funds, Mortgagee may retain 10% of the amount of such advance as a holdback until the restoration is fully completed;

(iv) disbursements shall be made from time to time in an amount not exceeding the cost of the work completed since the last disbursement, upon receipt of satisfactory evidence of the stage of completion and of performance of the work in a good and workmanlike manner and in accordance with the contracts, plans and specifications approved by Mortgagee;

(iii) at the time of any disbursement of the restoration funds, (A) no default (as defined below) shall then exist, (B) no mechanic's or materialmen's liens shall have been filed and remain undischarged, except those discharged by the disbursement of the requested restoration funds and (C) a satisfactory bring-down or continuation of title insurance on the premises shall be delivered to Mortgagee;

(ii) prior to making any advance of restoration funds, Mortgagee shall be satisfied in its reasonable discretion that the remaining restoration funds are sufficient to complete the restoration and to pay all related expenses, including interest on the indebtedness and real estate taxes on the Premises, during restoration;

(i) prior to the commencement of any restoration, the plans and specifications for such restoration, and the budgeted costs, shall be submitted to and approved by Mortgagee, such approval not to be unreasonably withheld;

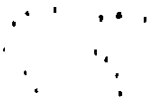
11. Restoration. If Mortgagee releases funds to Mortgagee for restoration of any of the Mortgaged Property, and the cost of such restoration shall exceed \$100,000, then such restoration shall be performed only in accordance with the following conditions:

contrary, the provisions of this Section specifying the disposition of condemnation proceeds and the procedures for restoration are hereby made expressly subject to the terms and conditions of each Underlying Lease as in effect on the date hereof, and to the extent any such provision hereof is inconsistent or in conflict with any applicable Underlying Lease as presently written, the applicable provisions of such Underlying Lease shall govern and control.

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(c) Mortgagor shall deliver to Mortgagee, within 20 days after a request by Mortgagee, a written statement, certified by Mortgagor as being true, correct and complete, containing the names of all lessees and other occupants of

(vii) promptly deliver to Mortgagee, upon Mortgagee's request, an assignment of the Mortgagor's interest under such lease.

(vi) promptly deliver to Mortgagee a fully executed counterpart of any lease executed by Mortgagor after the date hereof; and

(v) simultaneously deliver to Mortgagee copies of any notices of default which Mortgagor may at any time forward to or receive from the lessee;

(iv) exercise, within 20 days after a request by Mortgagee, any right to request from the lessee a certificate with respect to the status thereof;

(iii) appear in and defend any action or proceeding arising under or in any manner connected with the lease or the obligations of Mortgagor as lessor or of the lessee thereunder;

(ii) promptly enforce all of the provisions of the lease on the part of the lessee thereunder to be performed;

(i) promptly perform all of the provisions of the lease on the part of the lessor thereunder to be performed;

(b) as to any lease consented to by Mortgagee, Mortgagor shall:

12. Lessee. (a) Except as otherwise permitted by the credit agreement, Mortgagor shall not (i) execute an assignment or pledge of any lease relating to all or any portion of the mortgaged property other than in favor of Mortgagee, or (ii) without the prior written consent of Mortgagee, execute or permit to exist any lease of any of the mortgaged property. Mortgagee shall promptly respond to any request by Mortgagor to consent to the execution of any lease.

(viii) any restoration funds remaining shall be retained by Mortgagee and may be applied by Mortgagee, in its sole discretion, to the indebtedness in the inverse order of maturity.

(vii) Mortgagee may impose such other conditions as are customarily imposed by construction lenders; and

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(f) In the event of the enforcement by Mortgagee of any remedy under this Mortgage except as may be otherwise provided in any lease (as presently written) executed prior to the date hereof, the lessee under each lease shall, if requested by Mortgagee or any other person succeeding to the interest of Mortgagee as a result of such enforcement, attorn to Mortgagee or to such person and shall recognize Mortgagee or such successor in interest as lessor under the lease without change in the provisions thereof; provided however, that Mortgagee or such successor in interest shall not be: (i) bound by any payment of an installment of rent or additional rent which may have been made more than 30 days before the due date of such installment; (ii) bound by any amendment or modification to the lease made without the consent of Mortgagee or such successor in interest if Mortgagee's consent was first required under subsection (e) above; (iii) liable for any previous act or omission of Mortgagee (or its predecessors in interest); (iv) responsible for any monies owing by Mortgagee to the credit of such lessee or subject to any credits, offsets, claims, counterclaims, demands or defenses which the lessee may have against Mortgagee (or its predecessors in interest); (v) bound by any covenant to undertake or complete any construction of the premises or any portion thereof; or (vi) obligated to make any payment to such lessee other than any security deposit actually delivered to Mortgagee or such successor in interest. Mortgagee shall use its best efforts to cause each lessee or other occupant, upon request by Mortgagee or such successor in interest, to execute and deliver an instrument or instruments confirming such attornment. In addition, Mortgagee shall use its best efforts to cause each lease entered into after the date of this Mortgage to include

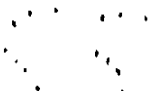
(e) As to any lease now in existence or subsequently consented to by Mortgagee, Mortgagee shall not accept surrender or terminate, cancel, rescind, supplement, materially amend such lease or permit any such action to be taken nor shall Mortgagee accept the payment of rent more than thirty (30) days in advance of its due date.

(d) All leases entered into by Mortgagee after the date hereof, if any, and all rights of any lessees thereunder shall be subject and subordinate in all respects to the lien and provisions of this Mortgage unless Mortgagee shall otherwise elect in writing.

the Mortgaged Property, the terms of all leases and the spaces occupied and rentals payable thereunder, and a list of all leases which to the best of Mortgagee's knowledge are then in default, including the nature and magnitude of the default; such statement shall be accompanied by such information as Mortgagee may reasonably request.

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15. Mortgagor's Existence, etc. Except as otherwise set forth in the Credit Agreement, Mortgagor shall do all things necessary to preserve and keep in full force and effect its existence, franchises, rights and

14. Mortgagor's Right to Perform. Except as otherwise set forth herein or in the Credit Agreement, if Mortgagor fails to perform any of the covenants or agreements of Mortgage, Mortgagor, without waiving or releasing Mortgagee from any obligation or default under this Mortgage, may, at any time (but shall be under no obligation to), with prior notice except in cases of emergency, pay or perform the same, and the amount or cost thereof, with interest at the default rate, shall immediately be due from Mortgagee to Mortgagee and the same shall be secured by this Mortgage and shall be a lien on the Mortgaged Property prior to any right, title to, interest in or claim upon the Mortgaged Property attaching subsequent to the lien of this Mortgage. No payment or advance of money by Mortgagee under this Section shall be deemed or construed to cure Mortgagee's default or waive any right or remedy of Mortgagee. Notwithstanding anything contained in this Section to the contrary, with respect to any underlying Lease, Mortgagee's right to perform, as set forth in this Section, is hereby made expressly subject to the terms and conditions of each underlying Lease as in effect on the date hereof and the rights of the landlord or lessor thereunder, and in the event anything contained in this Section is inconsistent or in conflict with any applicable underlying Lease as presently written the applicable provisions of such underlying Lease shall govern and control.

13. Further Assurances/Stopped Certificates. To further assure Mortgagee's rights under this Mortgage, Mortgagee agrees upon demand of Mortgagee to do any act or execute any additional documents (including, but not limited to, security agreements on any personally included or to be included in the Mortgaged Property and a separate assignment of each Lease in recordable form) as may be reasonably required by Mortgagee to confirm the lien of this Mortgage and all other rights or benefits conferred on Mortgagee. Mortgagee, within 15 business days after request, shall deliver, in form and substance satisfactory to Mortgagee, a written statement, duly acknowledged, setting forth the amount of the indebtedness, and whether any offsets, claims, counterclaims or defenses exist against the indebtedness and certifying as to such other matters as Mortgagee shall reasonably request.

language to the effect of subsections (d)-(f) of this Section; provided that the provisions of such subsections shall be self-operative and any failure of any Lease to include such language shall not impair the binding effect of such provisions on any lessee under such Lease.

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privileges under the laws of the state in which it was formed and its right to own property and transact business in each state in which the Real Estate is located. Mortgagee represents and warrants that Mortgagee is a duly organized and validly existing corporation or general or limited partnership, as the case may be, in good standing, and this Mortgage has been duly executed and delivered on Mortgagee's behalf. This Mortgage constitutes the legal, valid and binding obligation of Mortgagee, enforceable against Mortgagee in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or law).

16. Financial statements; certificates; other information. Mortgagee shall deliver to Mortgagee all financial statements, certificates and other information required to be delivered by Mortgagee to Mortgagee pursuant to the credit agreement.

17. Notice of certain occurrences. Mortgagee shall give notice to Mortgagee promptly upon the occurrence of:

(a) any event of default or any event which with the giving of notice or passage of time, or both, would constitute an event of default (a "Default");

(b) any (i) default or event of default under any provision of any security issued by or any agreement, instrument or undertaking of Mortgagee or which binds Mortgagee or any property thereof (collectively, "Contractual Obligations"), or (ii) litigation, investigation or proceeding which may exist at any time between Mortgagee and any governmental Authority, which, with respect to both clauses (i) and (ii) it not cured or it adversely determined, as the case may be, could have a material adverse effect on the business, operations, property or financial or other condition of Mortgagee taken as a whole;

(c) any litigation or proceeding affecting Mortgagee or the Mortgaged Property (other than the Leasehold Parcels and the Improvements thereon) or any part thereof, or any litigation or proceeding directly involving Mortgagee's interest in any Leasehold Parcel or any Improvements thereon, or any part thereof (i) in which the amount involved is \$1,000,000 or more and not fully covered by insurance or (ii) in which injunctive or similar relief is sought and which, with respect to clause (ii), it obtained could have a Material Effect; and

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(c) Mortgagor shall comply with any and all applicable legal requirements governing the discharge and removal of hazardous material, shall pay immediately when due the costs of any legally required removal of any hazardous material, and shall keep the premises free of any lien imposed pursuant to such legal requirements. In the event mortgagor fails to do so, after notice to mortgagor and the expiration of the cure period and the exhaustion of any appeal period permitted under the applicable legal requirements, mortgagor may declare such failure an event of default or cause the premises to be freed from the hazardous material and the cost of the removal with interest at the default rate shall immediately be due from mortgagor to mortgagee and the same shall be added to the indebtedness and be secured by this mortgage. Mortgagor further agrees not to release or dispose of any hazardous material at the premises except in compliance with all applicable legal requirements and any conditions reasonably established by mortgagee. In addition, mortgagor agrees not to permit the manufacture, storage, presence or disposal of any hazardous material over or upon the premises. Mortgagee shall have the right at any time, after there has been a release or disposal of hazardous materials on the premises in violation of applicable laws or whenever mortgagee shall have other reasonable grounds to believe that an actual or potential violation of hazardous material laws (as defined below) exists (unless such violation is the subject of a governmental action), to conduct an environmental audit of the premises and

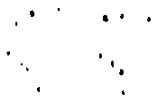
(b) Mortgagor represents that, except as set forth in schedule XII to the credit agreement, to the best of mortgagor's knowledge, upon due inquiry, the premises are free of all hazardous material and the premises have not been adversely affected by any hazardous material and are not in violation in any material respect of any applicable legal requirements of any governmental authority regulating, relating to, or imposing liability or standards of conduct concerning hazardous material.

18. Hazardous Material. (a) Except as set forth in schedule XII to the credit agreement, neither mortgagor nor, to the best knowledge of mortgagor, any other person has ever caused or permitted any hazardous material (as defined below) to be disposed of on, under or at the premises, or any part thereof, and the premises have never been used (whether by mortgagor or, to the best knowledge of mortgagor, by any other person, including any tenant) as a dump site or storage (whether permanent or temporary) site for any hazardous material.

(d) a material adverse change in the business, operations, property or financial or other condition of mortgagor or which constitutes a material effect.

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Mortgagor shall cooperate in the conduct of such environmental audit. Mortgagor shall give Mortgagor and its agents and employees access to the Premises to remove Hazardous Material. Mortgagor agrees to defend, indemnify and hold Mortgagor free and harmless from and against all loss, costs, damage and expense (including attorneys' fees and costs and consequential damages) Mortgagor may sustain by reason of (i) the imposition or recording of a lien on the Premises by any governmental Authority pursuant to any legal requirement relating to Hazardous Materials or the removal thereof ("Hazardous Material Laws"); (ii) claims of any private parties regarding violations of Hazardous Material Laws at the Premises; (iii) costs and expenses (including, without limitation, attorneys' fees and fees incidental to the securing of repayment of such costs and expenses) incurred by Mortgagor or Mortgagor in connection with the removal of any such lien or in connection with Mortgagor's or Mortgagor's compliance with any Hazardous Material Laws at the Premises as provided herein; and (iv) the assertion against Mortgagor by any party of any claim in connection with Hazardous Material.

(d) For the purposes of this Mortgage, "Hazardous Material" means and includes any hazardous, nuclear or toxic waste, substance or material defined as such in (or for purposes of) the comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, the Resource Conservation and Recovery Act of 1976, as amended, any so-called "Superfund" or "Superleak" law, or any other legal requirement relating to, or imposing liability or standards of conduct concerning, any hazardous, nuclear or toxic waste, substance or material in effect at the relevant time except that Hazardous Materials shall not include (i) retail quantities of cleaning and office supplies and heating oil properly stored and ordinary byproducts thereof which are handed in accordance with all applicable legal requirements and (ii) with respect to the leased parcels only, materials which would otherwise be hazardous materials but for which neither Mortgagor nor any successor-in-interest of Mortgagor has or would have any liability whatsoever under applicable legal requirements.

(e) The foregoing indemnification shall be a recourse obligation of Mortgagor and shall survive repayment of the Note, notwithstanding any limitations on recourse which may be contained herein or in any loan documents or the delivery of any satisfaction, release or release deed, discharge or deed of reconveyance, or the assignment of this Mortgage by Mortgagor.

19. Asbestos. Mortgagor shall not install or permit to be installed in the Premises asbestos or any substance containing asbestos and deemed hazardous by any legal applicable Requirement respecting such material, or

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(c) a failure (i) to keep in force the insurance required by this Mortgage, or (ii) to comply with any other material provisions of this Mortgage regarding insurance; or

(b) a failure to make payment of any interest becoming due under the Note or any other sums required to be paid hereunder or under the Loan Documents (including, without limitation, any Imposition) within the period required by specific provision of this Mortgage or, if no such period is so provided, by no later than five (5) days after written notice (except no notice shall be required for any interest payment default); or

(a) Mortgagor shall fail to pay when due any principal becoming due under the Note;

20. Events of Default. Except as otherwise permitted by the Credit Agreement, the occurrence of any one or more of the following events shall constitute an Event of Default:

assignment of this Mortgage by Mortgagee. or release deed, discharge or deed of reconveyance, or the loan Documents or the delivery of any satisfaction, release or recourse which may be contained herein or in any of the repayment of the Note, notwithstanding any limitation on recourse obligation of Mortgagee and shall survive Requirements. The foregoing indemnification shall be a substance or any removal or compliance with such legal by any party, as a result of the presence of such consequential damages) asserted or proven against Mortgagee and expense (including attorneys' fees and costs and asbestos or substances. Mortgagor shall defend, indemnify, and employees access to the Premises to remove such Mortgage. Mortgagor shall give Mortgagee and its agents shall be added to the Indebtedness and be secured by this immediately due from Mortgagee to Mortgagee and the same thereof, with interest at the Default Rate, shall be comply with the applicable Legal Requirement, and the costs to eliminate such substances from the Premises or otherwise declare an Event of Default and/or do whatever is necessary shall fail to so remove or otherwise comply, Mortgagee may Legal Requirements, at Mortgagee's expense. If Mortgagee and require to be removed or (b) otherwise comply with such any material which such Legal Requirements deem hazardous present in the Premises shall promptly either (a) remove Requirements to be installed in the manner installed by applicable Legal Requirements (excluding such other any other building material deemed to be hazardous by any

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(h) if any obligor (as defined below) shall (i) default in any payment of principal or interest on any (A) indebtedness for borrowed money or for the deferred purchase price of property or services in respect of which an obligor is liable, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which such obligor otherwise assures a creditor against loss or (B) obligations under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases for which obligations such obligor is liable, contingently or otherwise, as obligor, guarantor or otherwise assures a creditor against loss or (B) obligations under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases for which obligations such obligor is referred to as "Debt" (other than the Note) beyond the period of grace, if any, provided in the instrument or agreement under which such Debt was created; or (ii) default in the observance or performance of any other agreement or condition relating to any such Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Debt (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice or the lapse of time, or both, if

(g) if any representation or warranty made by Mortgagee in this Mortgage, any other Loan Document or any certificate, document or financial or other statement furnished under or in connection with the Loan Documents shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

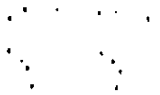
(f) upon failure to comply promptly with any legal Requirement or order or notice of violation of law or ordinance issued by any governmental Authority having jurisdiction over the Premises, which failure could have a Material Effect; or

(e) except as otherwise permitted by this Mortgage or any other Loan Document, upon the actual waste, removal or demolition of, or material alteration to, any part of the Premises (other than necessary repairs, maintenance or replacements of worn or obsolete equipment), or construction of any new improvement having a value in excess of \$40,000; or

(d) upon default, fifteen (15) business days after request, in furnishing a statement of the outstanding amount secured by this Mortgage and whether any offset or defense exists against the indebtedness; or

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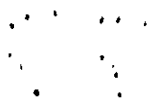
required, such Debt to become due prior to its stated maturity; or

(1) If (i) Mortgagor or any guarantor of payment of all or any portion of the indebtedness or performance of any of the obligations (a "Guarantor"; Mortgagor, and each guarantor being collectively referred to as an "Obligor") shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or any Obligor shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any Obligor any case, proceeding or other action of a nature referred to in clause (1) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days (the events specified in clauses (1) and (ii) of this subsection being referred to as "Automatic Acceleration Events"); or (iii) there shall be commenced against any Obligor any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) any Obligor shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clauses (i), (ii) or (iii) above; or (v) any Obligor shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(f) If one or more judgments or decrees shall be entered against any Obligor involving in the aggregate a liability (not paid or fully covered by insurance except for any reasonable deductible) of \$1,000,000 or more and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or decree, by reason of pending appeal or otherwise, shall not be in effect or during which such judgments or decrees shall not have been vacated or discharged; or

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(k) If any of the Mortgaged Property is damaged or destroyed by an uninsured casualty which could have a Material Effect and Mortgagor does not within 30 days of the date of the casualty provide funds for the restoration of the damage caused by such casualty (provided that this clause shall not apply to any Leasehold Parcel where the Landlord under the underlying Lease is required to furnish the funds required for restoration); or

(l) except as otherwise permitted by this Mortgage, if Mortgagor shall further mortgage, pledge or otherwise encumber the Mortgaged Property or any part thereof or any interest therein or create or suffer to exist any lien, charge or other encumbrance on the Mortgaged Property or any part thereof, whether superior or subordinate to the lien of this Mortgage, whether recourse or non-recourse; or

(m) (i) Mortgagor shall, except as otherwise permitted by this Mortgage, (A) sell, transfer, convey or assign the Mortgaged Property or any part thereof or any interest therein (by operation of law or otherwise), or (B) lease any of the Mortgaged Property without the prior written consent of Mortgagor; or (ii) if Holdings shall cease to own and control, directly or through a wholly-owned subsidiary, of record and beneficially, 100% of the Capital Stock of LST, in each case free and clear of all liens, except to the extent created by a Pledge Agreement; or Mortgagor shall issue any Capital Stock which is not pledged to Mortgagor as agent for the benefit of the Banks to secure the Obligations; or

(n) any guaranty of payment of the Indebtedness or performance of any of the Obligations shall cease for any reason to be in full force and effect or any Guarantor shall so assert in writing or any default shall occur under any such guaranty or any representation or warranty made by any Guarantor to or for the benefit of Mortgagor shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(o) this Mortgage or any of the other Security Documents shall cease for any reason to be in full force and effect or Mortgagor shall so assert in writing; or

(p) an event of default (as defined therein) shall occur under the Credit Agreement, the Note, or

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21. Remedies. (a) Upon the occurrence of any Event of Default, in addition to any other rights and remedies Mortgagee may have pursuant to the Loan Documents, or as provided by law, and without limitation, (a) if such event is an Automatic Acceleration Default, automatically the indebtedness and all other amounts owing under the Note, this Mortgage and the other Loan Documents, immediately shall become due and payable, and (b) if such event is any other Event of Default and provided such Event of Default shall not have first been cured, by notice to Mortgagee, Mortgagee may declare the indebtedness (together with accrued interest thereon) and all other amounts payable under the Note, this Mortgage and the other Loan Documents to be immediately due and payable. Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived. In addition, upon the occurrence of any Event of Default, Mortgagee may (subject to the rights of the landlord or lessor, under any Underlying Lease as in effect on the date hereof) immediately take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Mortgagee and in and to the Mortgaged Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and

(r) any Underlying Lease shall terminate prior to its stated expiration date for any reason other than a total taking or be surrendered by Mortgagee without the prior written consent of Mortgagee.

(q) a failure of Mortgagee to duly perform and observe, or a violation or breach of, any other terms, covenants, provisions or conditions of this Mortgage and the continuation thereof for a 30-day period after notice shall have been given to Mortgagee by Mortgagee specifying such default and requiring such default be remedied; which period may be extended to the extent required if such default is not susceptible of cure within 30 days so long as Mortgagee has commenced to cure such default within such 30-day period and is thereafter diligently prosecuting such cure to completion and so long as such delay is not likely to have a material adverse effect on either the Mortgaged Property or Mortgagee's rights under this Mortgage; provided, however, any such default that can be cured by the payment of money shall be promptly cured after notice by Mortgagee; or

any of the other Loan Documents, or if Mortgagee shall permit any additional lien or mortgage to encumber the Mortgaged Property (whether superior or subordinate, recourse or non-recourse) any default shall occur in connection with such lien or mortgage permitting acceleration of the debt which it secures; or

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(iii) It is further agreed that if default be made in the payment of any part of the indebtedness, as an alternative to the right of foreclosure for the full secured indebtedness after acceleration thereof, Mortgagee shall have the right to institute partial foreclosure proceedings with respect to the portion of said indebtedness so in default, as if under a full foreclosure, and without declaring the entire secured indebtedness due (such proceeding being hereinafter

as Mortgagee might do.

Property as Mortgagee shall deem appropriate as fully act, deed, matter or thing concerning the Mortgaged (z) generally to execute, do and perform any other proper, (y) to enforce, cancel or modify any lease and conditions as Mortgagee may, in its discretion, deem property for such periods of time and upon such to lease all or any part or parts of the Mortgaged Mortgagee shall be entitled, without limitation, (x) following such entry and taking of possession, control the Mortgaged Property and every part thereof. such time) and use, operate, manage, maintain and the Mortgaged Property to Mortgagee upon demand at any (Mortgagee hereby agreeing to surrender possession of without liability for trespass, damage or otherwise Mortgagee and its agents and employees therefrom Property and each and every part thereof and exclude and obligations enter into and upon the Mortgaged any other collateral as security for the indebtedness adequacy or inadequacy of the Mortgaged Property or attorneys and employees and without regard to the (ii) Mortgagee may personally, or by its agents,

full amount of the judgment.

date of judgment until actual payment is made of the due on any judgment obtained by Mortgagee from the disbursements. Interest at the Default Rate shall be limitation, reasonable attorneys' fees and Default Rate and all costs of suit, including, without hereunder, together with interest thereon at the final judgment and execution thereon for all sums due follow. Mortgagee may proceed in any such action to Mortgage or any of the Loan Documents as the law may action at law or in equity for the enforcement of this Mortgagee the power of sale), or (d) take such other Mortgaged Property (Mortgagee expressly granting to action on the Note, (c) sell all or part of the Mortgaged Property, (b) institute and maintain an of mortgage foreclosure against all or any part of the applicable law, (A) institute and maintain an action (i) Mortgagee may, to the extent permitted by

in such manner as Mortgagee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Mortgagee:

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22. Right of Mortgagee to Credit Sale. Upon the occurrence of any sale made under this Mortgage, whether made under the power of sale or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Mortgagee may bid for and acquire the mortgaged property or any part thereof. In lieu of paying cash therefor, Mortgagee may make settlement for the purchase

(c) In the event of any breach of any of the covenants, agreements, terms or conditions contained in this Mortgage, and notwithstanding to the contrary any exculpatory or non-recourse language which may be contained herein, Mortgagee shall be entitled to enjoy such breach, and obtain specific performance of any covenant, agreement, term or condition and Mortgagee shall have the right to invoke any equitable right or remedy as though other remedies were not provided for in this Mortgage.

(b) The holder of this Mortgage, in any action to foreclose it, shall be entitled in the appointment of a receiver. In case of a foreclosure sale, the Real Estate may be sold, at Mortgagee's election, in one parcel or in more than one parcel and Mortgagee is specifically empowered, (without being required to do so, and in its sole and absolute discretion) to cause successive sales of portions of the mortgaged property to be held.

referred to as a "partial foreclosure", and provided that if a partial foreclosure sale is consummated as provided herein, such sale may be made subject to the continuing lien of this Mortgage for the unmortgaged portion of the secured indebtedness, but as to such unmortgaged part, this Mortgage, and the lien hereof, shall remain in full force and effect just as though no partial foreclosure sale had been made under the provisions of this section. Notwithstanding the filing of any partial foreclosure or entry of a decree of sale therein, Mortgagee may elect at any time prior to a partial foreclosure sale pursuant to such decree, to discontinue such partial foreclosure and to accelerate the indebtedness secured hereby by reason of any uncured event of default upon which such partial foreclosure was predicated or by reason of any other Events of Default, and proceed with full foreclosure proceedings. It is further agreed that one or more foreclosure sales may be made pursuant to partial foreclosures without exhausting the right of full or partial foreclosure sale for any unmortgaged part of the secured indebtedness, it being the purpose to provide for a partial foreclosure sale of the indebtedness secured hereby without exhausting the power to foreclose for any other part of the indebtedness whether matured at the time or subsequently maturing, and without exhausting any right of acceleration and full foreclosure.

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price by crediting upon the indebtedness or other sums secured by this mortgage the net sales price after deducting therefrom the expenses of sale and the cost of the action and any other sums which mortgagee is authorized to deduct under this mortgage. In such event, this mortgage, the Note and documents evidencing expenditures secured hereby may be presented to the person or persons conducting the sale in order that the amount so used or applied may be credited upon the indebtedness as having been paid.

23. Appointment of Receiver. If an event of default shall have occurred and be continuing, mortgagee as a matter of right and without notice to mortgagor, unless otherwise required by applicable law, and without regard to the adequacy or inadequacy of the mortgaged property or any other collateral as security for the indebtedness and obligations of the interest of mortgagor therein, shall have the right (subject to the rights of the landlord or lessor under any underlying lease as in effect on the date hereof) to apply to any court having jurisdiction to appoint a receiver or receivers or other manager of the mortgaged property, and mortgagor hereby irrevocably consents to such appointment and waives notice of any application therefor (except as may be required by law). Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of mortgagee in case of entry as provided in this mortgage, including, without limitation and to the extent permitted by law, the right to enter into leases of all or any part of the mortgaged property, and shall continue as such and exercise all such powers until the date of confirmation of sale of the mortgaged property unless such receivership is sooner terminated.

24. Extension, Release, etc. (a) Without affecting the lien or charge of this mortgage upon any portion of the mortgaged property not then or heretofore released as security for the full amount of the indebtedness, mortgagee may, from time to time and without notice, agree to (i) release any person liable for the indebtedness, (ii) extend the maturity or alter any of the terms of the indebtedness or any guaranty thereof, (iii) grant other indulgences, (iv) release or reconvey, or cause to be released or reconveyed at any time at mortgagee's option any parcel, portion or all of the mortgaged property, (v) take or release any other or additional security for any obligation or (vi) make compositions or other arrangements with debtors in relation thereto. If at any time this mortgage shall secure less than all of the principal amount of the indebtedness, it is expressly agreed that any repayments of the principal amount of the indebtedness shall not reduce the amount of the lien of this mortgage until the lien amount shall equal the principal amount of the indebtedness outstanding.

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(b) No recovery of any judgment by mortgagee and no levy of an execution upon any judgment upon the mortgaged property or upon any other property of mortgagor shall affect the lien of this mortgage or any liens, rights, powers or remedies of mortgagee hereunder, and such liens, rights, powers and remedies shall continue unimpaired.

(c) If mortgagee shall have the right to foreclose this mortgage, mortgagor authorizes mortgagee at its option to foreclose the lien of this mortgage subject to the rights of any tenants of the mortgaged property. The failure to make any such tenants parties defendant to any such foreclosure proceeding and to foreclose their rights will not be asserted by mortgagor as a defense to any proceeding instituted by mortgagee to collect the indebtedness or to foreclose the lien of this mortgage.

(d) Unless expressly provided otherwise, in the event that ownership of this mortgage and title to the mortgaged property or any estate therein shall become vested in the same person or entity, this mortgage shall not merge in such title but shall continue as a valid lien on the mortgaged property for the amount secured hereby.

25. Security Agreement under Uniform Commercial Code. (a) It is the intention of the parties hereto that this mortgage shall constitute a Security Agreement within the meaning of the Uniform Commercial Code (the "Code") of the state in which the mortgaged property is located. If an event of default shall occur under this mortgage, then in addition to having any other right or remedy available at law or in equity, mortgagee shall have the option of either (i) proceeding under the code and exercising such rights and remedies as may be provided to a secured party by the code with respect to all or any portion of the mortgaged property which is personal property (including, without limitation, taking possession of and selling such property) or (ii) treating such property as real property and proceeding with respect to both the real and personal property constituting the mortgaged property in accordance with mortgagee's rights, powers and remedies with respect to the real property (in which event the default provisions of the code shall not apply). If mortgagee shall elect to proceed under the code, then five days' notice of sale of the personal property shall be deemed reasonable notice and the reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by mortgagee shall include, but not be limited to, attorneys' fees and legal expenses. At mortgagee's request, mortgagor shall assemble the personal property (other than trade fixtures) and make it available to mortgagee at such place or places designated by mortgagee and reasonably convenient to both parties.

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26. Assignment of Rents. Mortgagor hereby assigns to Mortgagee the Rents as further security for the payment of the Indebtedness and performance of the obligations, and Mortgagor grants to Mortgagee the right to enter the Mortgaged Property made subject to the Leases for the purpose of collecting the same and to let the Mortgaged Property or any part thereof, and to apply the Rents on account of the Indebtedness. The foregoing assignment and grant is present and absolute and shall continue in effect until the Indebtedness is paid in full, but Mortgagee

above.

encumbered by this Mortgage as real property, as set forth right of Mortgagee to proceed against any personal property chattels shall not be construed as in any way impairing the statements in the records relating to personal property or statements. The filing of any financing or continuation to execute and file any such financing and continuation authorizes Mortgagee, without the signature of Mortgagor, pursuant to the provisions of the Code, Mortgagor hereby statement within 15 days after request by Mortgagee, then shall fail to furnish any financing or continuation Property which constitutes personal property. If Mortgagor inventory in reasonable detail of any of the Mortgaged time, on request of Mortgagee, deliver to Mortgagee an shall reasonably require. Mortgagor shall from time to of any record searches for financing statements Mortgagee of any such document and all reasonable costs and expenses the preparation, execution, recording, filing and re-filing costs and expenses incurred by Mortgagee in connection with Mortgagor further agrees to pay to Mortgagee on demand all priority of this Mortgage and such security instrument. continue or extend the security interest under and the reasonably request in order to perfect, preserve, maintain, statement or certificate or other document as Mortgagee may delivered, any financing statement, affidavit, continuation and deliver, or cause to be executed, acknowledged and Mortgaged Property and will further execute, acknowledge satisfactory to Mortgagee, covering all or any part of the Mortgagee one or more separate security agreements, in form time to time, shall execute, acknowledge and deliver to (c) Mortgagor, upon request by Mortgagee from

(b) Mortgagor and Mortgagee agree, to the extent permitted by law: (1) all of the goods described within the definition of the word "Equipment" are or are to become fixtures on the Real Estate; (ii) this Mortgage upon recording or registration in the real estate records of the proper office shall constitute a financing statement filed as a "fixture filing" within the meaning of Sections 9-313 and 9-402 of the code; (iii) Mortgagor is the record owner of the Fee Parcels; and (iv) the addresses of Mortgagor and Mortgagee are as set forth on the first page of this Mortgage.

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29. Changes in Method of Taxation. In the event of the passage after the date hereof of any law of any Governmental Authority deducting from the value of the premises for the purposes of taxation any lien thereon, or

28. Additional Rights. The holder of any subordinate lien on the mortgaged property shall have no right to terminate any lease whether or not such lease is subordinate to this mortgage nor shall any holder of any subordinate lien join any tenant under any lease in any action to foreclose the lien or modify, interfere with, disturb or terminate the rights of any tenant under any lease. By recordation of this mortgage all subordinate lienholders are subject to and notified of this provision, and any action taken by any such lienholder contrary to this provision shall be null and void. Upon the occurrence of any event of default, mortgagee may, in its sole discretion and without regard to the adequacy of its security under this mortgage, apply all or any part of any amounts on deposit with mortgagee under this mortgage against all or any part of the indebtedness. Any such application shall not be construed to cure or waive any default or event of default or invalidate any act taken by mortgagee on account of such default or event of default.

27. Trust Funds. Within 10 days after request by mortgagee, mortgagor shall furnish mortgagee with a statement of all lease security deposits by lessees and copies of all leases not previously delivered to mortgagee, which statement shall be certified by mortgagor.

hereby waives the right to enter such mortgaged property for the purpose of collecting the rents and mortgagor shall be entitled to collect, receive, use and retain the rents until the occurrence of an event of default under this mortgage; such right of mortgagor to collect, receive, use and retain the rents may be revoked by mortgagee upon the occurrence of any event of default under this mortgage by giving not less than five days' written notice of such revocation to mortgagor; in the event such notice is given, mortgagor shall pay over to mortgagee, or to any receiver appointed to collect the rents, any lease security deposits, and shall pay monthly in advance to mortgagee, or to any such receiver, the fair and reasonable rental value as determined by mortgagee for the use and occupancy of the mortgaged property or of such part thereof as may be in the possession of mortgagor or any affiliate of mortgagor, and upon default in any such payment mortgagor and any such affiliate will vacate and surrender the possession of the mortgaged property to mortgagee or to such receiver, and in default thereof may be evicted by summary proceedings or otherwise. Mortgagor shall not accept prepayments of installments of rent to become due for a period of more than one month in advance (except for security deposits and estimated payments of percentage rent, if any).

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32. Partial Invalidity. In the event any one or more of the provisions contained in this Mortgage shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, but each shall be construed as if such invalid, illegal or unenforceable provision had never been included. Notwithstanding to the contrary anything contained in this Mortgage or in any provisions of the documents evidencing the indebtedness or Loan Documents, the obligations of the Mortgagor and of any other obligor under the documents evidencing the indebtedness or Loan Documents shall be subject to the limitation that Mortgagee shall not charge, take or receive, nor shall Mortgagor or any other obligor be obligated to pay to Mortgagee, any amounts constituting interest in excess of the maximum rate permitted by law to be charged by Mortgagee.

31. No Oral Modification. This Mortgage may not be changed or terminated orally. Any agreement made by Mortgagor and Mortgagee after the date of this Mortgage relating to this Mortgage shall be superior to the rights of the holder of any intervening or subordinate lien or encumbrance.

30. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been sufficiently given or served when presented personally, when delivered to an overnight courier service with guaranteed next business day delivery or when deposited in the mail by certified or registered mail, postage prepaid, addressed to Mortgagor at the address given on the first page of this Mortgage and to Mortgagee at the address given on the first page of this Mortgage, and shall be deemed to have been received upon the earlier of actual receipt thereof or the fifth calendar day after such mailing. Either party may change its address by notice to the other party. If any party other than Mortgagor shall be entitled to receive copies of notices, demands or approvals, failure of Mortgagee to send such copies shall not impair the effectiveness of any notice sent to Mortgagor.

changing in any way the laws for the taxation of mortgages or debts secured thereby for federal, state or local purposes, or the manner of collection of any such taxes, and imposing a tax, either directly or indirectly, on mortgages or debts secured thereby, the holder of this Mortgage shall have the right to declare the indebtedness due on a date to be specified by not less than 30 days' written notice to be given to Mortgagor unless within such 30-day period Mortgagor shall assume as an obligation hereunder the payment of any tax so imposed until full payment of the indebtedness and such assumption shall be permitted by law.

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33. Waiver of Right of Redemption and Other Rights. (a) Mortgagor and each Beneficial Owner hereby voluntarily and knowingly releases and waives any and all rights to retain possession of the Mortgaged Property after the occurrence of an Event of Default hereunder and any and all rights of redemption from sale under any order or decree of foreclosure (whether full or partial), pursuant to rights therein granted, as allowed under Section 125-110, Sections 15-1101 et seq., Illinois Revised Statutes), as amended from time to time, on its own behalf, on behalf of all persons claiming or having an interest (direct or indirectly) by, through or under each constituent of Mortgagor and on behalf of each and every person acquiring any interest in the Mortgaged Property subsequent to the date hereof. It being the intent hereof that any and all such rights of redemption of each constituent of Mortgagor and all such other persons are and shall be deemed to be hereby waived to the fullest extent permitted by applicable law or replacement statute. Each constituent of Mortgagor shall not invoke or utilize any such law or laws or otherwise hinder, delay, or impede the execution of any right, power, or remedy herein or otherwise granted or delegated to the Mortgagor, but shall permit the execution of every such right, power, and remedy as though no such law or laws had been made or enacted.

(b) To the fullest extent permitted by law, Mortgagor waives the benefit of all laws now existing or that may subsequently be enacted providing for (i) any appraisalment before sale of any portion of the Mortgaged Property, (ii) any extension of the time for the enforcement of the collection of the indebtedness or the creation or extension of a period of redemption from any sale made in collecting such debt and (iii) exemption of the Mortgaged Property from attachment, levy or sale under execution or exemption from civil process. To the full extent Mortgagor may do so, Mortgagor agrees that Mortgagor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisalment, valuation, stay, exemption, extension or redemption, or requiring foreclosure of this Mortgage before exercising any other remedy granted hereunder and Mortgagor, for Mortgagor and its successors and assigns, and for any and all persons ever claiming any interest in the Mortgaged Property, to the extent permitted by law and except as otherwise provided herein, hereby waives and releases all rights of redemption, valuation, appraisalment, stay of execution, notice of election to mature or declare due the whole of the secured indebtedness and marshaling in the event of foreclosure of the liens hereby created.

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35. Multiple Security. If (a) the premises shall consist of one or more parcels, whether or not contiguous and whether or not located in the same county, or (b) in addition to this Mortgage, Mortgage shall now or hereafter hold one or more additional mortgages, liens, deeds of trust or other security (directly or indirectly) for the Indebtedness upon other property in the state in which the premises are located (whether or not such property is owned by Mortgagor or by others) or (c) both the circumstances described in clauses (a) and (b) shall be true, then to the fullest extent permitted by law, but in any event subject to the rights of the landlord or lessor under, and except as otherwise provided in, any underlying lease, Mortgagee may, at its election, commence or consolidate in a single foreclosure action all foreclosure proceedings against all such collateral securing the Indebtedness (including the Mortgaged Property), which action may be brought or consolidated in the courts of any county in which any of such collateral is located.

34. Remedies Not Exclusive. Mortgagee shall be entitled to enforce payment of the Indebtedness and performance of the obligations and to exercise all rights and powers under this Mortgage or under any of the other Loan Documents or other agreement or any laws now or hereafter in force, notwithstanding some or all of the Indebtedness and obligations may now or hereafter be otherwise secured, whether by mortgage, security agreement, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement, shall prejudice or in any manner affect Mortgagee's right to realize upon or enforce any other security now or hereafter held by Mortgagee, it being agreed that Mortgagee shall be entitled to enforce this Mortgage and any other security now or hereafter held by Mortgagee in such order and manner as Mortgagee may determine in its absolute discretion. No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Except as otherwise provided herein or in the Credit Agreement, every power or remedy given by any of the Loan Documents to Mortgagee or to which it may otherwise be entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Mortgagee. In no event shall Mortgagee, in the exercise of the remedies provided in this Mortgage (including, without limitation, in connection with the assignment of rents to Mortgagee, or the appointment of a receiver and the entry of such receiver on to all or any part of the Mortgaged Property), be deemed a "mortgagee in possession," and Mortgagee shall not in any way be made liable for any act, either of commission or omission, in connection with the exercise of such remedies.

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Mortgagee acknowledges that the right to maintain a consolidated foreclosure action is a specific inducement to

Mortgagee to extend the Indebtedness, and Mortgagee expressly and irrevocably waives any objections to the commencement or consolidation of the foreclosure

proceedings in a single action and any objections to the laying of venue or based on the grounds of forum non

conveniens which it may or hereafter have. Mortgagee further agrees that if Mortgagee shall be prosecuting one

or more foreclosure or other proceedings against a portion of the mortgaged property or against any collateral directly or

indirectly secures the Indebtedness, or if Mortgagee shall have obtained a judgment of foreclosure and sale or similar

judgment against such collateral, then, whether or not such proceedings are being maintained or judgments were obtained

in or outside the state in which the premises are located, Mortgagee may commence or continue foreclosure proceedings

and exercise its other remedies granted in this Mortgage against all or any part of the mortgaged property and

Mortgagee waives any objections to the commencement or continuation of a foreclosure of this Mortgage or exercise

of any other remedies hereunder based on such other proceedings or judgments, and waives any right to seek to

dismiss, stay, remove, transfer or consolidate either any action under this Mortgage or such other proceedings on

such basis. Neither the commencement nor continuation of proceedings to foreclose this Mortgage nor the exercise of

any other rights hereunder nor the recovery of any judgment by Mortgagee in any such proceedings shall prejudice, limit

or preclude Mortgagee's right to commence or continue one or more foreclosure or other proceedings or obtain a

judgment against any other collateral (either in or outside the state in which the premises are located) which directly

or indirectly secures the Indebtedness, and Mortgagee expressly waives any objections to the commencement of,

continuation of, or entry of a judgment in such other proceedings or exercise of any remedies in such proceedings

based upon any action or judgment connected to this Mortgage, and Mortgagee also waives any right to seek to

dismiss, stay, remove, transfer or consolidate either such other proceedings or any action under this Mortgage on such

basis. It is expressly understood and agreed that to the fullest extent permitted by law, Mortgagee may, at its election, cause the sale of all collateral which is the

subject of a single foreclosure action at either a single sale or at multiple sales conducted simultaneously and take such other measures as are appropriate in order to effect the agreement of the parties to dispose of and administer all collateral securing the Indebtedness (directly or

indirectly) in the most economical and least time-consuming manner.

36. Expenses. (a) Except as otherwise provided herein, Mortgagee shall pay or reimburse Mortgagee for all

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this covenant.

disbursements and allowances shall prevail unless unaffected by provisions of law respecting the recovering of costs, Mortgage, or to recover or collect the indebtedness, the Mortgage. In any action or proceeding to foreclose this Mortgage, and shall be deemed to be secured by this attaching or accruing subsequent to the lien of this title to, interest in or claim upon the Mortgaged Property be a lien on the Mortgaged Property, prior to any right, or of Default and any such sum and the interest thereon shall the Default Rate, and following the occurrence of an Event fees and disbursements), together with interest thereon at with respect to the foregoing (including reasonable counsel expenses which have been or may be incurred by Mortgagee will immediately reimburse or pay to Mortgagee all of the transactions contemplated by this Mortgage, then Mortgagee the indebtedness or of any of the obligations or any of the Mortgagee or acceptance of a guaranty from a guarantor of to or arises out of this Mortgage or Mortgagee's lending to instances such action or proceeding in any manner relates notice or subpoena and (1) in each of the foregoing Mortgages is served with any legal process, discovery, insolvency or reorganization of any obligor), or in which proceeding or other action relating to the bankruptcy, any lien of this Mortgage (including, without limitation, any or in which it becomes necessary to defend or uphold the Mortgage or to collect the indebtedness), or any action or (including but not limited to any action to foreclose this any action or proceeding shall be commenced by Mortgagee (b) Except as otherwise provided herein, if (1)

Mortgagee shall promptly upon receipt. Mortgagee shall pay such statements promptly upon receipt. limitation reasonable attorneys' fees and disbursements. receive statements for such expenses, including without Mortgagee acknowledges that from time to time Mortgagee may accountants, and attorneys' fees and disbursements. architects, engineers, consulting professionals', costs, surveyors, photographers, appraisers', broker's commissions, finders' fees, placement fees, court premiums), title search and title rundown charges, expenses, insurance premiums (including title insurance property taxes, escrow fees, revenue and tax stamp fees and taxes, mortgage taxes, intangible personal all title and conveying charges, recording and filing rights. Such expenses shall include, without limitation, with this Mortgage or the enforcement of any of Mortgagee's non-disturbance agreement or similar document in connection supplement to this Mortgage, the delivery of any consent, hereunder or any amendment, modification, restatement or the preparation of any document reasonably required contemplated by this Mortgage including without limitation, this Mortgage with respect to any and all transactions expenses incurred by Mortgagee before and after the date of

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39. Governing Law, etc. This Mortgage shall be governed by and construed in accordance with the laws of the State in which the premises are located, except that Mortgage expressly acknowledges that by its terms the Note shall be governed and construed in accordance with the laws of the State of New York, without regard to principles of conflict of law, and for purposes of consistency, Mortgage

38. No Waivers, etc. Any failure by Mortgagee to insist upon the strict performance by Mortgagee of any of the terms and provisions of this Mortgage shall not be deemed to be a waiver of any of the terms and provisions hereof, and Mortgagee, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by Mortgagee of any and all of the terms and provisions of this Mortgage to be performed by Mortgagee. Mortgagee may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Mortgaged Property, any part of the security held for the obligations secured by this Mortgage without, as to the remainder of the security, in anywise impairing or affecting the lien of this Mortgage or the priority of such lien over any subordinate lien.

37. Successors and Assigns. All covenants of Mortgage contained in this Mortgage are imposed solely and exclusively for the benefit of Mortgagee and its successors and assigns, and no other person or entity shall have standing to require compliance with such covenants or be deemed, under any circumstances, to be a beneficiary of such covenants, any or all of which may be freely waived in whole or in part by Mortgagee at any time in its sole discretion it deems such waiver advisable. All such covenants of Mortgage shall run with the land and bind Mortgagee, the successors and assigns of Mortgagee (and each of them) and all subsequent owners, encumbrancers and tenants of the Mortgaged Property, and shall inure to the benefit of Mortgagee, its successors and assigns. Notwithstanding anything contained herein to the contrary, Mortgagee acknowledges and agrees that each of Jerrico and LJSI, by its execution hereof, shall be deemed to have made and assumed all of the covenants, representations, warranties, obligations and liabilities of Mortgagee contained hereon solely with respect to its own individual business, property, operations, assets, prospects and financial or other condition, and that neither Jerrico nor LJSI shall be deemed to have made or assumed any such covenants, representations, warranties, obligations or liabilities concerning the business, properties, operations, assets, prospects and financial or other condition of the other in any respect. When used herein, the word "Mortgagee" shall be construed in each instance as it read "Jerrico and LJSI", as their respective interests may appear".

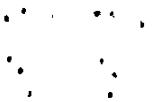
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44. Underlying Lease Provisions. (a) Mortgagor will pay or cause to be paid all rent and other charges required under each Underlying Lease as and when the same are due and will promptly and faithfully observe, abide by, discharge and perform, or cause to be kept, observed, discharged and performed, all other material terms, obligations, covenants, conditions, agreements, warranties, representations, warranties or liabilities of each Underlying Lease on the part of the Lessee thereunder to be kept, observed, discharged and performed, and will not without the express written consent of Mortgagor (i) in any manner, cancel, terminate or surrender, or permit the cancellation, termination or surrender of any Underlying Lease, in whole or in part, (ii) either orally or in writing, modify, amend or permit any modification or amendment of any of the terms thereof in any material respect or (iii) except as expressly required under any Underlying Lease as now in effect permit the subordination thereof to any mortgage; and any attempt on the part of Mortgagor to do any of the foregoing without such written consent of Mortgagor shall be null and void and of no effect and shall constitute an Event of Default hereunder.

43. Release Upon Payment and Discharge of Mortgagor's Obligations. Mortgagor shall release this Mortgage and the Lien hereof by proper instrument upon payment and discharge of all indebtedness secured hereby (including payment of reasonable expenses incurred by Mortgagor in connection with the execution of such release) and upon full and complete performance of all of the obligations.

(c) Without limiting the generality of the foregoing, all expenses incurred by Mortgagor to the extent reimbursable under Section 15-1510 and 15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether or not enumerated in this Mortgage, shall be added to the indebtedness secured by this Mortgage or by the judgment of foreclosure.

(b) If any provision of this Mortgage shall grant to Mortgagor any rights or remedies upon default by the Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagor under the Act in the absence of said provision of this Mortgage, Mortgagor shall be vested with the rights granted in the act to the full extent permitted by law.

provision of this Mortgage that can be construed in a manner consistent with the Act.

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(c) Mortgagor will enforce the obligations of all lessors under each underlying lease to the end that mortgagor may enjoy all of the material rights granted to it under each underlying lease, and will promptly notify mortgagor in writing of any material default by any lessor and of any material default by mortgagor in the performance or observance of any of the terms, covenants and conditions on the part of the lessor or mortgagor, as the case may be, to be performed or observed under each underlying lease. Mortgagor will promptly advise mortgagor in writing of the

(b) Mortgagor will do, or cause to be done, all things necessary to preserve and keep unimpaired all material rights of mortgagor as lessee under each underlying lease, and to prevent any default under each underlying lease, or any termination, surrender, cancellation, forfeiture, subordination or impairment thereof. In the event of the failure of mortgagor to make any payment required to be made by the lessee pursuant to the provisions of any underlying lease or to observe, abide by, discharge or perform, or cause to be observed, kept, discharged or performed, any of the material terms, obligations, covenants, conditions, agreements, indemnities, representations, warranties or liabilities of any underlying lease on the part of lessee thereunder to be observed, kept, discharged and performed, mortgagor, to the extent such action will not breach any such underlying lease, does effective immediately upon the occurrence of an event of default hereby authorize and irrevocably appoint and constitute mortgagor as its true and lawful attorney-in-fact, which appointment is coupled with an interest, in its name, place and stead, to take any and all actions deemed necessary or advisable by mortgagor to perform and comply with all the obligations of mortgagor under each underlying lease, to do and take, but without any obligation so to do, any action which mortgagor deems necessary or desirable to prevent or cure any default by mortgagor under each underlying lease, to enter into and upon the premises or any part thereof to such extent and as often as mortgagor, in its sole discretion, deems necessary or desirable in order to prevent or cure any default of mortgagor pursuant thereto, to the end that the rights of mortgagor in and to the leasehold estate created by each underlying lease shall be kept unimpaired and free from default, and all sums so expended by mortgagor, with interest thereon at the Default Rate from the date of each such expenditure, shall be paid by mortgagor to mortgagor promptly upon demand by mortgagor. Mortgagor shall, within ten (10) business days after written request by mortgagor, execute and deliver to mortgagor, or to any person designated by mortgagor, such further instruments, assignments, powers, assignments, conveyances or the like as may be necessary to complete or perfect the interest, rights or powers of mortgagor pursuant to this paragraph (b).

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occurrence of any of the material events of default enumerated in any underlying lease. Mortgagor shall, within ten (10) business days after receipt of any material notice, demand, complaint or request for compliance made by a lessor under any underlying lease, deliver to mortgagor a true and complete copy of each such notice. If, pursuant to any underlying lease, the lessor shall deliver to mortgagor, such notice shall constitute full authority and protection to mortgagor for any actions taken or omitted to be taken in good faith pursuant to the provisions of this mortgage in reliance thereon provided and notwithstanding anything to the contrary contained in this mortgage, mortgagor shall not exercise any rights of mortgagor under an underlying lease unless an event of default shall have first occurred hereunder. Mortgagor shall give mortgagor prior notice of any such action taken unless immediate action is advisable to avoid a forfeiture of the affected leasehold estate.

(d) If any action or proceeding shall be instituted to evict mortgagor or to recover possession of any leasehold parcel or any part thereof or interest therein or any action or proceeding otherwise affecting any underlying lease or this mortgage shall be instituted, then mortgagor will, promptly upon service thereof on or to mortgagor, deliver to mortgagor a true and complete copy of each petition, summons, complaint, notice of motion, order to show cause and of all other provisions, pleadings and papers, however designated, served in any such action or proceeding. Mortgagor shall otherwise expressly consent in writing, the fee title to the property demised by each underlying lease and the leasehold estate and/or any subleasehold estate shall not merge but shall always remain separate and distinct, notwithstanding the union of said estates either in mortgagor or a third party by purchase or otherwise; and in the event mortgagor acquires the fee title or any other estate, title or interest in and to any leasehold parcel, the lien of this mortgage shall, without further conveyance, simultaneously with such acquisition, be spread to cover and attach to such acquired estate and as so spread and attached shall be prior to the lien of any mortgage placed on the acquired estate subsequent to the date of this mortgage.

(e) Mortgagor covenants and agrees that unless mortgagor shall otherwise expressly consent in writing, the fee title to the property demised by each underlying lease and the leasehold estate and/or any subleasehold estate shall not merge but shall always remain separate and distinct, notwithstanding the union of said estates either in mortgagor or a third party by purchase or otherwise; and in the event mortgagor acquires the fee title or any other estate, title or interest in and to any leasehold parcel, the lien of this mortgage shall, without further conveyance, simultaneously with such acquisition, be spread to cover and attach to such acquired estate and as so spread and attached shall be prior to the lien of any mortgage placed on the acquired estate subsequent to the date of this mortgage.

(f) Except as required under Paragraph (h) below, mortgagor shall not make any election or give any consent or approval for which a right to do so is conferred upon mortgagor as lessee under any underlying lease without mortgagor's prior written consent, unless such action could not have a material effect. Except to the extent any underlying lease would be breached as result thereof, upon

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(h) So long as any portion of the indebtedness shall remain outstanding, Mortgagor shall not fail to exercise any option or right to renew or extend the term of any Underlying Lease without the prior written consent of Mortgagor, such consent not to be unreasonably withheld or delayed. Mortgagor shall give Mortgagor simultaneous written notice of the exercise of any such option or right to renew or extend, together with a copy of the instrument given to the Lessor under such Underlying Lease exercising such option or right, and thereafter, shall promptly deliver to Mortgagor a copy of any acknowledgment by such Lessor with respect to the exercise of such option or right. If any such option or right has not been exercised as aforesaid, then, not more than ninety (90) and not less than sixty (60) days before the right of Mortgagor to exercise any such option or right expires (unless an Event of Default shall have occurred hereunder and be continuing, in which event the dates shall be one hundred eighty (180) and one hundred twenty (120) days, respectively), Mortgagor

obligate Mortgagor to participate in such arbitration. on behalf of Mortgagor. Nothing contained herein shall appoint arbitrators and to conduct arbitration proceedings connection with such arbitration, including the right to Mortgagor, all right, title and interest of Mortgagor in its name, place and stead, to exercise, at the expense of in fact, which appointment is coupled with an interest, in and constitutes Mortgagor as its true and lawful attorney-continuing hereunder, Mortgagor hereby irrevocably appoints progress an Event of Default shall have occurred and be in time any such proceeding shall be commenced or shall be in provided, however, that, except as aforesaid, it at the arbitrator who is approved in writing by Mortgagor; each Underlying Lease and (iv) Mortgagor shall select an exercise all rights of arbitration conferred upon it by upon the written request of Mortgagor, (iii) Mortgagor will reasonably deem necessary for the protection of Mortgagor, shall confer with Mortgagor to the extent which Mortgagor and participate in any such proceeding, (ii) Mortgagor hereunder, (i) Mortgagor shall have the right to intervene Event of Default shall have occurred and be continuing Lease would be breached as a result thereof, so long as no a present value basis. Except to the extent any Underlying proceeding under and pursuant to the provisions of any notice of the commencement of any arbitration or appraisal (g) Mortgagor will give Mortgagor prompt written

solely by Mortgagor. shall automatically vest exclusively in and be exercisable have been assigned for collateral purposes to Mortgagor, or amendment of each such Underlying Lease, all of which cancellation, modification, change, supplement, alteration rights, together with the rights of termination, all such the occurrence of any Event of Default hereunder,

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Mortgagor hereby unconditionally assigns, transfers and sets over to Mortgagee all of Mortgagor's claims and rights to the payment of damages arising from any rejection of any underlying lease by the lessor or any other fee owner of any Leasehold Parcel or any portion

Mortgagor shall not, without Mortgagee's prior written consent, elect to treat any underlying lease as terminated under subsection 365(h)(1) of the Bankruptcy Code, 11 U.S.C. § 365(h)(1). Any such election made without Mortgagee's consent shall be void.

The lien of this Mortgage shall attach to all of Mortgagor's rights and remedies at any time arising under or pursuant to subsection 365(h) of the Bankruptcy Code, 11 U.S.C. § 365(h), as the same may hereafter be amended (the "Bankruptcy Code"), including, without limitation, all of Mortgagor's rights to remain in possession of each Leasehold Parcel.

(1) Mortgagor shall, within twenty (20) days after written demand therefor from Mortgagee, which may be made not more frequently than annually so long as no event of default has occurred which remains uncured, deliver to Mortgagee proof of payment of all items that are required to be paid by Mortgagor under each underlying lease, including, without limitation, rent and other charges required to be paid under each underlying lease.

(2) The lien of this Mortgage shall attach to all of Mortgagor's rights and remedies at any time arising under or pursuant to subsection 365(h) of the Bankruptcy Code, 11 U.S.C. § 365(h), as the same may hereafter be amended (the "Bankruptcy Code"), including, without limitation, all of Mortgagor's rights to remain in possession of each Leasehold Parcel.

(3) Mortgagor shall, within twenty (20) days after written demand therefor from Mortgagee, which may be made not more frequently than annually so long as no event of default has occurred which remains uncured, deliver to Mortgagee proof of payment of all items that are required to be paid by Mortgagor under each underlying lease, including, without limitation, rent and other charges required to be paid under each underlying lease.

(4) Mortgagor shall, within twenty (20) days after written demand therefor from Mortgagee, which may be made not more frequently than annually so long as no event of default has occurred which remains uncured, deliver to Mortgagee proof of payment of all items that are required to be paid by Mortgagor under each underlying lease, including, without limitation, rent and other charges required to be paid under each underlying lease.

(5) Mortgagor shall, within twenty (20) days after written demand therefor from Mortgagee, which may be made not more frequently than annually so long as no event of default has occurred which remains uncured, deliver to Mortgagee proof of payment of all items that are required to be paid by Mortgagor under each underlying lease, including, without limitation, rent and other charges required to be paid under each underlying lease.

(6) Mortgagor shall, within twenty (20) days after written demand therefor from Mortgagee, which may be made not more frequently than annually so long as no event of default has occurred which remains uncured, deliver to Mortgagee proof of payment of all items that are required to be paid by Mortgagor under each underlying lease, including, without limitation, rent and other charges required to be paid under each underlying lease.

(7) Mortgagor shall, within twenty (20) days after written demand therefor from Mortgagee, which may be made not more frequently than annually so long as no event of default has occurred which remains uncured, deliver to Mortgagee proof of payment of all items that are required to be paid by Mortgagor under each underlying lease, including, without limitation, rent and other charges required to be paid under each underlying lease.

(8) Mortgagor shall, within twenty (20) days after written demand therefor from Mortgagee, which may be made not more frequently than annually so long as no event of default has occurred which remains uncured, deliver to Mortgagee proof of payment of all items that are required to be paid by Mortgagor under each underlying lease, including, without limitation, rent and other charges required to be paid under each underlying lease.

(9) Mortgagor shall, within twenty (20) days after written demand therefor from Mortgagee, which may be made not more frequently than annually so long as no event of default has occurred which remains uncured, deliver to Mortgagee proof of payment of all items that are required to be paid by Mortgagor under each underlying lease, including, without limitation, rent and other charges required to be paid under each underlying lease.

(10) Mortgagor shall exercise any such option or renewal which is necessary to extend the term of any underlying lease beyond the outside maturity date of the Note or to comply with any law affecting Mortgagor or Mortgagee or which is necessary, in Mortgagee's reasonable judgment, to preserve the value of the security intended to be afforded by this Mortgage. Mortgagor shall promptly provide evidence of the exercise of any such option or right to Mortgagee's reasonable satisfaction. Except to the extent any underlying lease would be breached as a result thereof, in the event that Mortgagor fails so to exercise any such option or right or upon the occurrence of any event of default hereunder, Mortgagor hereby irrevocably authorizes and appoints Mortgagee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, in its name, place and stead, to execute and deliver, for and in the name of Mortgagor, all of the instruments and agreements necessary under each underlying lease or otherwise to cause any extension of the term thereof. Nothing contained herein shall affect or limit any rights of Mortgagor or Mortgagee granted under any underlying lease.

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